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THE MEANING OF THE ITALIAN ELECTIONS:
AN INTERIM ASSESSMENT

What Happened...

The Italian elections solved nothing. The Communist Party (PCI) and the Christian Democrats (DC) both claim a kind of victory. The DC held its share of votes and remains the largest party, but the PCI made its largest gains in any national election. The margin between the two is the narrowest it has ever been at the national level. The Socialist Party (PSI), which brought on the crisis in hopes of significant electoral gains, actually lost parliamentary seats; its effectiveness in any future coalition will almost certainly decrease and its current leadership may be forced to resign. Nonetheless, the Socialists remain pivotal, since no governmental combination can be formed without them. And they are insistent that somehow the PCI be associated in the responsibilities of governing.

For the Near Term...

The options in forming a new government are severely limited. A probable interim solution is a one-party governo balneare ("vacation government") by the DC which will run the country for several months while the major parties consult and maneuver. This would permit a look at the German elections in October (and perhaps the American as well) before the parties commit themselves to the formation of a coalition and a precise economic program. None of the major parties (DC, PCI, PSI) can now envisage any longer term arrangement with the possible exception of a DC/PSI coalition which would have the informal support of the PCI on economic issues.

The DC

The DC, whose factions united for the election campaign on the negative issue of fear of communism, will again be subject to divisions under the pressure of formulating positive government programs and contriving party alliances.

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The DC does remain the plurality party. This probably facilitates financial and other assistance from Germany and the European Community (EC). European spokesmen had earlier made it clear that exclusion of the PCI from government would make it easier to get further loans. EC Commission President Ortoli (French) and German Chancellor Schmidt have indicated that aid to Italy will be on the agenda for the economic summit in Puerto Rico. They agree that the EC should be in the forefront of economic aid but should be supported by the US in what the EC Vice-President calls an "EC Marshall Plan for Italy."

The Communists

Ortoli and other European leaders think that PCI cooperation will be necessary to any new government but hope that the PCI will be kept out of the cabinet. The moderation shown by the PCI and PCI-dominated trade unions in negotiating recent wage agreements offers some grounds for hope. But any optimism must be tempered by awareness that there are severe limits on the PCI's ability to restrain labor, particularly if the base of the Party sees that success at the polls is not being translated into governmental action to achieve PCI economic and social objectives.

25X1C [REDACTED] Berlinguer's pre-election criticisms of the USSR and the Warsaw Pact and his endorsement of "Eurocommunism" and Italian participation in NATO were not simply campaign rhetoric for this election. His remarks have won applause from the revisionists within the Party. But criticism by hard-liners of his positions was muted only because of the PCI's electoral gains. The hard-liners will be heard from again if they think PCI policy is becoming overly "social democratic."

25X1C [REDACTED] indications of confusion and differences within the Communist Party of the Soviet Union (CPSU) and state organs of the USSR in assessing the tactics and goals of the PCI. For example, a hurriedly-scheduled trip to Rome by senior CPSU officials in the weeks just before the election was just as hurriedly aborted -- possibly because of PCI objections. During the same

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period senior Yugoslav and Rumanian communist officials openly met with Berlinguer and other PCI leaders. The common front of the Italian, Rumanian, Yugoslav, and Spanish communist parties in rejecting domination by Moscow seems to be weakening CPSU ability to affect PCI policies. This is especially true in the current period of preparation for the Conference of European Communist Parties.

For the first time the communists won a plurality in the Rome municipal elections despite all-out efforts by the Church and the Vatican to ensure a DC victory in the Pope's diocese. This reflects a continuing trend toward secularization of Italian society which had its most striking recent manifestation in the Church/DC defeat on the divorce referendum in 1974. (To the extent that the DC is still the "Church Party" this secularization works against the DC.)

A New Breed of Politicians?

Both the PCI and the DC made strenuous efforts to persuade well-known non-politicians to run on their tickets. The PCI was much more successful, getting several Catholic intellectuals, artists, and an EC Commissioner. The decision of Umberto Agnelli of FIAT to run for the DC may influence other non-politicians to move into active political life as the only way in which the DC can really "rejuvenate" itself.

So What Has Really Changed -- If Anything?

The jubilant headlines of the DC official newspaper proclaim a victory which isn't there. Effective DC leverage in Italian society and government has been reduced, not increased. The additional 48 communist seats in the Chamber of Deputies mean much greater clout for the PCI in parliamentary commissions where much of the major legislation is drafted. Moreover, the inconclusive nature of the election results will complicate solutions to the economic problems of unemployment, inflation, growth, productivity, and bureaucratic reform, and thus tend to add frustration and further polarization.

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The DC continues to be caught in a very bad bind: On the one hand it has to keep the PCI out of government -- at least for a while -- to appease those rightists who gave their votes on an anti-PCI platform, and to persuade the Germans, the EC and others that it is safe to lend Italy money. On the other hand, it needs the PCI to carry out desperately needed austerity and other measures to get the economy moving and to guarantee social stability.

If the PCI is kept out of any formal role in government, its leadership is going to be subjected to severe pressures from militants in the base of the Party to abandon its policy of "loyal opposition." Within the communist international movement the PCI has increased its stature as the inventor and leading exponent of a Eurocommunism whose tactics will be closely studied -- and probably increasingly followed -- by the French and Spanish communists.

In sum, the elections have made it difficult if not impossible to organize Italian political and economic life along traditional lines, e.g., a permanent government party (the DC) and a permanent opposition (the PCI) with the other parties alternating as coalition partners. The reduced vote for the small center-right parties is having a polarizing effect which makes it harder for all parties to cooperate in dealing with Italy's critical social and economic problems. At the same time, the elections have probably made it harder to postpone the day when the DC and the PCI will have to collaborate more openly in seeking new solutions to Italy's chronic problems. This collaboration will probably be increasingly bothersome to both the US and the USSR.

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THE DIRECTOR OF
CENTRAL INTELLIGENCE

National Intelligence Officers

24 June 1976

MEMORANDUM FOR: Director of Central Intelligence

STATINTL FROM : [REDACTED]
National Intelligence Officer
for Western Europe

VIA : D/DCI/NI

SUBJECT : The Italian Elections:
An Interim Assessment

STATINTL 1. As a follow-up to the pre-election short assessment you gave the President, and more specifically as of relevance to the Puerto Rico Summit, I urged that the attached "quick look" at the meaning of Italy's elections be taken. It was drafted in OPR by [REDACTED] has been discussed with OCI's Italian expert, [REDACTED] It does not purport to be a Community view, but it reflects the mainstream of qualified specialists' opinions.

2. I recommend forwarding it, under the attached transmittal note, to the President and others headed for Puerto Rico.

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